

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 4368-01
BILL NO.: HB 1996
SUBJECT: Retirement: Schools
TYPE: Original
DATE: February 22, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Joint Committee on Public Employee Retirement** have reviewed this proposal and have determined that it does not represent a “substantial proposed change” in future plan benefits as defined in section 105.660(5), RSMo. Therefore, an actuarial cost statement is not required.

Officials of the **Office of Administration** assume any fiscal impact would be determined by the Public School Retirement System.

Officials of the **Public School Retirement System (PSRS)** assume the proposal would allow “any school district with a shortage of certified teachers” to hire retired teachers for up to two years while also drawing their full retirement benefit. No actuarial study has been requested on the proposal, and officials assume one would be required. PSRS officials note that it would be difficult to estimate the fiscal impact for such a proposal until the amount of usage was determined. However, the system’s actuary has determined that if no credit or benefits were accrued by the retiree for this service, a five percent contribution matched by the employer would make this measure cost neutral to the system. Officials also note their concern for potential equal protection issues that could result in legal costs. **Oversight** assumes that as indicated by PSRS if no additional credited service accrues to the retirees during reemployment, there should not be actuarial impact to the system.

Officials of the **Department of Elementary and Secondary Education** assume they could incur minimal administrative costs less than \$100,000. **Oversight** assumes any duties could be performed with existing staff and no additional costs would be incurred by the department.

	FY 2001 (10 Mo.)	FY 2002	FY 2003
<u>FISCAL IMPACT - State Government</u>			
	\$0	\$0	\$0
	FY 2001 (10 Mo.)	FY 2002	FY 2003
<u>FISCAL IMPACT - Local Government</u>			
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

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No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

The proposal would allow retired teachers to be employed in school districts with teacher shortages for up to two years without forfeiting retirement benefits under the Public School Retirement System.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement
Office of Administration
Public School Retirement System
Department of Elementary and Secondary Education

A handwritten signature in black ink, appearing to read "Jeanne Jarrett".

Jeanne Jarrett, CPA
Director
February 22, 2000